THE EFFECT OF CORPORATE DOWNSIZING ON THE COMMITMENT, RETENTION AND TRUST OF MIDDLE MANAGEMENT

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DECLARATION

I declare that the work undertaken in this dissertation is my own original work and, to the best of my knowledge, unless individually cited, contains no work previously produced by any other author, published or unpublished.

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**SYNOPSIS**

The practice of organisational downsizing has become commonplace in the corporate world. Downsizing has become particularly public following the Global Financial Crisis in which large scale redundancies were made to staff over a range of organisations, industries and countries.

The process of downsizing itself, with the concomitant reduction of the staffing headcount, poses the problem of how the remaining staff can operate to make the organisation successful. This is of particular importance given that remaining staff have not only experienced a major change event which impacts their career and possible future employment, they also have to make sense of the new organisational structure and continue to perform. Common outcomes experienced by employees as a result of downsizing include increased workload, lower morale, decreased motivation and job insecurity (Kelley 2008, Doe 1994).

The effect this process has on the middle management layers of the organisation is of particular importance as it has been identified that middle management are uniquely positioned to act as change agents (Raman 2009). That is, middle management are capable of converting senior management strategy into operational outcomes as they are attune to both the senior management initiatives as well as the operational level employee capabilities (Currie and Procter 2005). It is therefore imperative that, during a downsizing process, middle
management have full involvement in the planning and implementation of such a change initiative (Huy 2002).

This research investigates the effect corporate downsizing has on the remaining middle management within an organisation. The research focuses on the change in the views of middle management towards senior management and the organisation following a downsizing. The research also investigates the effects a downsizing event has on the commitment of middle management, their trust in senior management and intention to remain with the organisation.

Qualitative semi-structured interviews were adopted for the data collection method and a total of 16 middle managers were interviewed.

The key findings from this research indicate that there is a shift from affective commitment to continuance commitment of middle managers following a downsizing. This is particularly evident when senior management do not include middle management in the downsizing decision making process. The research also found that downsizing increased the middle managers intention to leave the organisation. This is particularly evident in cases where the workload of the middle manager increased following downsizing. The type of trust relationship between the middle manager and their supervisor in the pre-downsized environment dictated the propensity for change in the trust relationship in the post-downsized environment. The research found that the existence of a strong mature relationship pre-
downsizing did not impact the trust relationship post-downsizing. Likewise if the relationship was developing or had poor communication then there was a direct impact on the trust relationship.